Country of Origin Effects:
Consumer Perceptions of Japan in South East Asia

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Abstract

Favorable or unfavorable perceptions of a country associated with a product lead to a corresponding favorable or unfavorable evaluations of the product originating from that country. Country-of-origin effects have both performance and emotional components. Past research has primarily focused on performance factors that influence country-of-origin effects on persuasion. This research suggests that information unrelated to the product may generate positive or negative emotions toward the country and subsequently these emotions influence country-of-origin effects. This research examined consumer perceptions of Japan in South East Asia where Japan has major investments. Two types of emotions, anger and sadness were examined. In the angry condition, heuristic processing was observed and country-of-origin information influenced evaluations. Alternately, in the sad condition, systematic processing was observed and country-of-origin did not have any effect on evaluations. These observations highlight the importance of exploring emotional influences on country-of-origin effects. The implications for Japanese corporations in managing “country of origin effects” in the global context are discussed.
Introduction

It is well known that consumers often have “goodwill” or positive feelings associated with a brand or a company, termed “equity”. Such favorable equity has been shown to result in strong brand loyalty and a premium image for the target brand or company. Extensive research has examined various strategies for building and maintaining strong brand or corporate equity (Gurhan-Canli and Maheswaran 1998). Recent research has shown that like brands, countries also have equity associated with them, termed “country-of-origin effects” that goes beyond product perceptions. In other words, consumers buy products not only because they perform well or are produced by a well known corporation, but also based on the country of origin. For example, “French Perfumes” or “Japanese Electronics” have enjoyed wide acceptance based on the country of origin. Past research has shown that positive (vs. negative) perceptions of a country result in more favorable evaluations of the products and services that originated in that country (Agrawal and Maheswaran 2005; Maheswaran 1994).

The Effect of Nation Equity in Emerging Economies

Recent trend in globalization emphasizes the need to better understand the concept of ‘country-of-origin effects’, especially in emerging economies. With the decrease in trade barriers and the advent of the digital economy, companies are competing in a multinational market place. For example, a consumer in Thailand now has access to products that originate from several countries around the world and often, their choice is driven by the country of origin of the product. While it is commonly believed that consumers make a rational choice of products by comparing and contrasting various alternatives based on product attributes and performance metrics, recent research has shown that emotions play a major role in consumer purchase of foreign products. For example, featuring Japan as the country-of-origin led to favorable
perceptions regardless of product quality for ethnocentric Japanese consumers (Gürhan-Canli and Maheswaran 2000). In contrast, Chinese consumers in Nanjing, an enduring symbol of Japanese occupation, might not purchase Japanese products because of animosity towards Japan (Klein, Ettenson and Morris 1998). Thus, the emotions consumers feel towards a country may be a consequence of historical events and be independent of the product, yet, they may subsequently influence the use of country-of-origin in product evaluations.

In this research, we examine the type of emotions that may lead to favorable or unfavorable evaluations of Japan and subsequently influence consumer decisions to purchase the products in South East Asia where Japan has built up a major economic stake. We review the relevant findings related to country-of-origin effects and incidental affect, and develop hypotheses based on the Dual Process Models of Persuasion (Chaiken 1980; Petty and Cacioppo 1979). The implications of the findings for the research on country-of-origin effects, affect and information processing are discussed.

**Theoretical Background**

**Country-of-Origin Effects**

Several studies have extensively documented that country-of-origin influences product evaluations. In general, favorable or unfavorable evaluations of a country associated with a product leads to a corresponding favorable or unfavorable evaluations of the product (Gürhan-Canli and Maheswaran 2000b; Hong and Wyer 1989, 1990; Maheswaran 1994). Past research has identified several conditions when country-of-origin is used as a cue in evaluating new products. For example, Gürhan-Canli and Maheswaran (2000b) showed that the type of information and the processing goal would determine whether country-of-origin is utilized in
evaluations. In general, primarily motivational (involvement) or cognitive (capacity, expertise) factors have been examined in the context of country-of-origin effects.

However, some findings in the extant literature point towards the role of affective influences. For instance, several studies have found that featuring Japan as the country-of-origin led to favorable perceptions of product quality (Gürhan-Canli and Maheswaran 2000b). But, Klein et al. (1998) showed that Chinese consumers in Nanjing, the site of major atrocities during the Japanese occupation, may not purchase Japanese products because of animosity towards Japan. This research highlights how the emotions consumers feel towards a country may subsequently influence the use of country-of-origin in evaluations.

The dual process models have served as a theoretical basis for understanding country-of-origin effects. The dual process models of persuasion suggest that individuals may either engage in elaborate issue-relevant thinking (systematic processing) or use simplifying decision rules (heuristic processing) (Chaiken 1980; Maheswaran and Chaiken 1991; Maheswaran, Mackie and Chaiken 1992; Petty and Cacioppo 1979). When people are highly motivated, they comprehensively process and integrate relevant information; but when motivation is low, individuals may use peripheral cues to form attitudes (Petty and Cacioppo 1979). Most early research on the dual process models of persuasion has assumed that information processing is driven by the goal of forming accurate judgments, i.e. accuracy motivation (Eagly and Chaiken 1993). Accuracy motivated people are likely to form objective judgments. Objective, systematic processing is likely to draw attention to the message details and minimize the importance of heuristics (Eagly and Chaiken 1993). In contrast, when people are not highly motivated, they tend to engage in heuristic processing and country-of-origin has been shown to form the basis of evaluations under such limited processing.
The above review of the literature suggests that country-of-origin perceptions influence subsequent evaluations of products associated with that country. Country-of-origin is viewed as a heuristic and influences evaluations only when heuristic processing is induced. The perceptions of the country are associated with an emotional component. However, research has not examined the effects of emotions on country-of-origin effects.

Incidental Emotions

Past research has focused on the affective elements or emotions that influence persuasion (Tiedens and Linton 2001). The positive or negative valence of the mood state has been extensively shown to influence subsequent evaluations of a target. While generalized mood has been implicated in persuasion, relatively little attention has been focused on more specific emotions. Recent research has suggested that specific emotions within a more general mood state may have differential effects on persuasion. For example, anger and sadness, emotions with negative valence, have asymmetric effects on processing. Anger has been shown to induce heuristic processing and sadness leads to systematic processing (Bodenhausen, Sheppard and Kramer 1994). Yet another interesting observation is that the emotions induced in one situation, may affect the evaluations of the target in a subsequent situation. For example, fear, an emotion that is associated with risk perceptions, has been shown to have an incidental effect on the perceptions of risk in a subsequent situation (DeSteno, Petty and Wegener 2000; Johnson and Tversky 1983; Lerner and Keltner 2000).

In sum, past research has shown that incidental emotions may influence message persuasion (Bodenhausen et al. 1994; Tiedens and Linton 2001). Despite this growing interest in the domain of emotions and persuasion, the role of incidental discrete emotions (different from mood) in shaping persuasion, and how discrete emotions and message characteristics (e.g.,
country of origin) may interact to influence persuasion are yet to be examined (Meyers-Levy and Maheswaran 2004; Aaker and Williams 1998).

This research features a study that investigates the incidental effect of a set of specific emotions, anger and sadness on country-of-origin effects. This study documents the asymmetric effects of anger and sadness on the processing of country-of-origin information. The participants in this study recalled an event that induced a specific emotion and were exposed to either favorable or unfavorable country-of-origin information followed by a description of product attributes that featured the target product as either superior or inferior to competing brands.

Hypotheses

We build on recent literature on discrete emotions (e.g., Lerner and Keltner 2000; Tiedens and Linton 2001) and argue that discrete emotions can influence the use of country-of-origin on evaluations. Specifically, we examine anger and sadness, emotions that have been shown to differ in terms of their physiological manifestations and information processing (Bodenhausen et al. 1994). Angry people are often prone to impulsive and quick response to immediate threat and to that extent, their processing strategies are likely to be characterized by less systematic thinking. Anger also disrupts coordinated mental activity and engenders a reduction in cognitive capacity. Thus, angry people are likely to rely on less effortful processing (Bodenhausen 1993; Kuhl 1983). In contrast, sad people are likely to react in a more deliberate and thoughtful way to consider the merits of a particular response to a difficult situation. Since sadness is induced in response to a problematic situation, sad people are thought to engage in strategies that would result in effective problem solving (Schwartz 1990). Thus, angry and sad participants engage in
different types of processing strategies (Bodenhausen et al. 1994). Angry participants engage in heuristic processing, while sad participants engage in systematic processing.

In our research, consumers are asked to evaluate a product and are given the country-of-origin (source) of the product and the product description. Angry subjects give more weight to human factors and that would imply product performance is more likely to be attributed to human factors, that is, the people who they think are responsible for manufacturing the product. Since the country where the product originates is featured in the information given to participants, they will hold the country responsible for its products. Thus, their product evaluations would be greatly influenced by the favorableness of the country-of-origin information.

In contrast, sad subjects will give less weight to human factors and are anticipated to engage in systematic analysis of the situation. Systematic processing engenders a comprehensive scrutiny of all the available information. Since such extensive processing often minimizes the diagnostic value of heuristic cues, country-of-origin will only receive minimal attention. Also, such careful attribute scrutiny would lead the participants to generate more favorable evaluations when the attributes of the target product are superior (vs. inferior).

**Ha:** In the anger condition, participants will evaluate a product more favorably when its country-of-origin information is favorable (vs. unfavorable).

**Hb:** In the sad condition, participants will evaluate a product more favorably when its attribute information is superior (vs. inferior). Country-of-origin information will not affect their evaluations.

**Study One**
Method

Two hundred and thirty one consumers participated in this study and were randomly assigned to conditions in a 2 emotion (sad vs. anger) x 2 country-of-origin (Japan vs. Taiwan) x 2 product description (superior vs. inferior) full factorial between-subject design.

Procedure. Participants were informed that the questionnaire booklet contained two unrelated studies. The first study conveyed the emotion manipulation and asked participants to write down an emotional experience. In the second study, participants were told that the objective of this study was to assess their reactions to a new digital camera (model SDM 1500) that was manufactured in either Taiwan or Japan. They were also told that this new digital camera was evaluated by an independent product testing agency by comparing it with two leading brands in the market that were in the same price range and had the same length of warranty. Then, on the next page, they read the product description (attribute information) at their own pace and proceeded to complete the dependent measures. After an open-ended suspicion probe to assess hypotheses guessing, participants were debriefed.

Independent Variables

Emotion. Following previous literature (Lerner et al 2003; Tiedens and Linton 2001), this study induced emotion by asking participants to write about a life event in which they felt the specified emotion. Participants were told that “the objective of this study is to understand the relationship between emotion and memory.” Participants were then asked to recall and re-experience an event that made them very sad (angry), and then describe this event in great detail by including as many concrete, vivid, experiential aspects of the event as possible so that
someone reading their description may also feel sad (angry) from learning about the situation (Lerner et al. 2003).

**Country-of-Origin.** Electronic products manufactured in Taiwan were demonstrated by previous research to have unfavorable associations than electronic products made in Japan (e.g., Gürhan-Canli and Maheswaran 2000b). In accord, this study also featured Japan as the favorable country-of-origin and Taiwan as the unfavorable country-of-origin for the target product, digital camera (SDM 1500). Pretest was also conducted to validate this assumption.

**Product Description.** The target camera (SDM 1500) was compared to two leading brands in the market. The superior (inferior) description featured the target camera as relatively better than (not as good as) the competing brands. Specifically, the target camera was represented as superior on four attributes (resolution, memory, zoom and shutter speed), equivalent on one attribute (signal/noise ratio), and inferior on one attribute (dimensions). For example, the shutter speed of the target camera was described as follows: “SDM1500 has a larger range of shutter speed (the amount of time the shutter stays open) than the two competing brands. A larger range of shutter speed allows capturing clear images under various situations like fast actions (e.g., horse races) and static objects (e.g., sunset).”

**Dependent Measures**

All dependent variables were assessed using scales anchored by 1 and 7. First, participants indicated their evaluations of the target camera (SDM1500). Then, manipulation check questions were featured followed by participants indicating their age, gender and ethnicity.
Evaluations. Participants evaluated the target camera (SDM1500) on three seven-point scales anchored by “positive” and “negative”, “not at all favorable” and “very favorable”, and “good” and “bad”. These items were averaged to form an evaluation index ($\alpha = .92$).
Manipulation Checks. Participants rated the extent to which the information portrayed the product as “superior” and “inferior to competing brands”, having “many” and “fewer positive,” and “few” and “many negative” attributes. These items were averaged to form a superiority index (α = .90). As a check for the emotion manipulation, participants were told to rate the extent to which they endorse each of ten statements in the end of the booklet (Lerner and Keltner 2001). Five statements evaluated the anger induction: “I did not feel angry the slightest bit (reverse scored), “I felt annoyed”, “I felt mad”, “I felt angry even more strongly than ever before”, and “I felt furious”. The five items were averaged to form an anger index (α = .73). Another five statements evaluated the experience of sadness: “I felt depressing”, “I felt sad even more strongly than ever before”, “I felt heartbreaking”, I did not feel sad the slightest bit (reverse scored),” and “I felt gloomy”. The five items were averaged to form a sadness index (α = .86).

Participants also rated their involvement and interest in the study, as well as the importance of the six attributes described in the message. Involvement and interest ratings were averaged to form a motivation index (α = .85).

Results

Manipulation Checks. Manipulation checks for emotions and attribute superiority were analyzed using the 2 (emotion: sad or anger) x 2 (country of origin: Japan or Taiwan) x 2 (product description: superior vs. inferior) between-subject ANOVA. No differential effects were observed on gender and age as covariates. An ANOVA on the motivation index revealed no effects (ps > .25), indicating that study manipulations did not induce differential motivation.

An ANOVA on the anger index and on the sadness index revealed only main effects of emotion (F(1, 227) = 12.26, p < .001 for sad, F(1, 200) = 2.69, p < .01 for anger). Relative to participants in the anger condition, participants in the sad condition reported greater sadness.
(\(M_{\text{sad}} = 4.13\) vs. \(M_{\text{anger}} = 2.49\)) and less anger (\(M_{\text{sad}} = 3.44\) vs. \(M_{\text{anger}} = 3.85\)). An ANOVA on the superiority index revealed only a main effect of product description conditions (\(M_{\text{superior}} = 5.29\) vs. \(M_{\text{inferior}} = 3.24\), \(F(1, 229) = 14.52, p < .001\)).

*Evaluations.* An ANOVA on the evaluation index yielded a significant main effect of product description (\(F(1, 222) = 97.46, p < .001\)), a significant emotion by country-of-origin interaction (\(F(1, 222) = 3.12, p = .07\) but the emotion by product description interaction was not significant (\(F(1, 222) = F < 1\)).

Consistent with hypothesis Ha and Hb, the evaluations made by angry participants were significantly higher when the country-of-origin was Japan (vs. Taiwan) (\(M_{\text{Japan}} = 5.05\) vs. \(M_{\text{Taiwan}} = 4.68\), \(F(1, 222) = 4.62, p = .06\)), whereas the evaluation made by sad participants were not significantly influenced by the country-of-origin conditions (\(M_{\text{Japan}} = 4.79\) vs. \(M_{\text{Taiwan}} = 4.68\), \(F(1, 222) = F < 1\)).

As noted earlier, the predicted emotion by product description interaction was not significant. Further analysis revealed that for sad participants, the evaluations of the target camera were higher in the superior condition than in the inferior condition (\(M_{\text{superior}} = 5.39\) vs. \(M_{\text{inferior}} = 4.09\); \(F(1, 222) = 56.48, p < .001\)). Angry participants also reported higher evaluations of the superior (vs. inferior) description (\(M_{\text{superior}} = 5.59\) vs. \(M_{\text{inferior}} = 4.14\); \(F(1, 201) = 18.64, p < .001\)). This finding, while consistent with our predictions, also suggests that the attribute information was processed in both sad and angry conditions.

**Discussion**

In sum, this study demonstrated that sadness and anger differentially influence the use of country-of-origin information in product evaluations. Angry participants were more influenced by the favorability of the country-of-origin information. In contrast, sad participants were more
influenced by the valence of the attribute information and country-of-origin did not influence their evaluations reliably. Consistent with past research, we also demonstrated that anger led to heuristic processing and sadness induced systematic processing.

General Discussion

The current study featured in this research documents the incidental effects of specific emotions on how country-of-origin information is used in product evaluations. These findings extend our knowledge of the emotional aspects of country-of-origin effects in several ways. Below, we discuss the theoretical contributions of this research to our understanding of country-of-origin effects as well as emotions in processing and judgments.

Extending Country-of-Origin Effects

Past research on country-of-origin effects has examined the cognitive and motivational influences on the perceptions of a country and its subsequent influence on evaluations. We extend these findings to suggest that specific emotions such as anger and sadness also influence country-of-origin effects. We contend that examining the influence of emotions on country-of-origin perceptions is important because country perceptions are often emotional and may have their origins in social and political circumstances. Research has shown that consumers have animosity towards certain countries as a function of historical circumstances and such animosity influences their subsequent purchase behavior (Klein et al. 1998). Our findings suggest that the type of emotion induced by historical events associated with these emotions will determine whether animosity effects will obtain. For example, if anger were induced when consumers contemplate on these historical events, then country-of-origin perceptions would become more salient and influence evaluations. More generally, our research suggests a typology based on
emotions and their related appraisals as a framework for understanding the effects of country-of-origin on evaluations.

Emotions and Persuasion

This research contributes to our understanding of the effects of emotions on persuasion in several ways. It adds to the growing body of literature that contends that the effect of emotions on judgment extend beyond the valence of mood. It suggests that specific emotions such as anger and sadness, despite sharing a common negative valence, may have distinct effects on processing and judgments. We also reinforce the view that emotions have a carry over effect on evaluations. For example, emotions induced in one situation may influence judgments in another situation. Our findings provide converging evidence for the incidental effect of emotions in the context of country-of-origin (Tiedens and Linton 2001).

Thus, theoretically, this research adds to the literature on nation equity, brand equity, advertising effectiveness and cross-cultural differences. Nation equity research in the cross cultural context is mostly anecdotal. This research is the first systematic approach to develop a conceptual framework based on country perceptions.

Managerial Implications

Several contributions are envisaged for the Japanese manager. This research provides a structured framework based on which managers can design and evaluate different communication strategies aimed at managing corporate brands across national borders. Investing in emerging markets has received considerable attention during the last decade both as a function of the liberalization of these economies and the market potential represented in these countries. This research suggests advertising strategies from the United States may need to be modified in emerging markets to accommodate different emotional orientations in these countries.
At the policy level, this research endorses the premise that geo-political conflicts (e.g., World War) may impact global business operations under certain conditions. Since such government actions are not directly business related, their impact on consumers is not obvious. This research proposes that consumers use country of origin information in product evaluations, and if government actions change country perceptions, then such changes should impact consumer decisions and the business that depends on them. This research documents the relationship between political actions and consumer decision making in the context of Japan. It also identifies factors and emotional contexts that are either beneficial or detrimental to the perceptions of Japan and subsequently influence the evaluations of products made by Japanese corporations. Finally, it outlines intervention strategies either to combat the negative impact or to enhance the positive outcomes of conflicts.

**Relevance for Japan Center**

This study targets country perceptions and the role of emotions with a focus on Japan. Japan has a major presence in South East Asia and strong emotional responses are associated with Japanese business in these countries. The findings provide insights on how the country image interacts with marketing activities such as advertising to affect the market share of Japanese products. More important, it provides a global perspective on managing country of origin effects.
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